
Non-Departmental

| | |
|------------------------------------|-------------|
| FY 2002 Proposed Operating Budget: | \$5,799,000 |
| FY 2002 Proposed Capital Budget: | \$0 |

The Non-Departmental agency is a financial entity designed to account for anticipated costs that cannot be allocated to specific agencies during the development of the proposed budget. The use of a non-departmental account is a common practice to anticipate city-wide cost increases while providing the flexibility to project, budget, and allocate these costs.

The FY 2002 proposed operating budget totals \$5,799,000, an increase of \$5,799,000, over the FY 2001 approved budget.

Budget Summary

The FY 2002 proposed operating budget for the Non-Departmental agency totals \$5,799,000, an increase of \$5,799,000 over the FY 2001 approved budget (table DO0-1). No full-time equivalents (FTEs) are supported by this budget.

- Fully integrate the projection processes of the Offices of Property Management and the Chief Technology Officer (telecommunication costs) into the annual budget process.

Strategic Issue

In FY 2002, the Non-Departmental agency will improve budget formulation through greater recognition of city-wide cost drivers and by enhanced mechanisms to detect and project changes in these cost drivers.

Agency Background

FY 2002 marks the first year of the Non-Departmental agency. It is anticipated that this agency will continue to ensure that projected city-wide cost increases are included in the proposed budget.

FY 2002 Initiatives

- Develop a fringe benefit cost-projection model to account for changes in the District benefit portfolio.

Programs

For FY 2002, the Non-Departmental agency includes funding for three discrete costs: FY 2002 step increases for small agencies, employee health insurance cost increases, and a contingency for contract security costs.

Table DOO-1

FY 2002 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Non-Departmental

| | Actual FY 1999 | Approved FY 2001 | Proposed FY 2002 | Change from FY 2001 |
|---|-------------------|---------------------|---------------------|------------------------|
| Subsidies and Transfers | 0 | 0 | 5,799 | 5,799 |
| <i>Subtotal Nonpersonal Services (PS)</i> | <i>0</i> | <i>0</i> | <i>5,799</i> | <i>5,799</i> |
| Total Proposed Operating Budget | 0 | 0 | 5,799 | 5,799 |

The FY 2002 budget development manual directed agencies not to budget for step increases in FY 2002 because they are internally financed by the replacement of senior staff with staff compensated at lower levels. For small agencies, however, where staff turnover may not be sufficient to internally finance step increases, an amount of \$1,940,500 is included in the FY 2002 proposed budget for step increases. This funding will be allocated to agencies as needed during FY 2002 based on actual payroll costs and potential deficits identified through the monthly financial review process.

The District of Columbia awarded a new employment health insurance contract in April 2001. The estimated increase in the District's (employer) share of health insurance premiums is \$3,158,500. This funding will be allocated to agencies as needed based on actual fringe benefit expenditures during FY 2002, as monitored in the monthly financial review process.

Based on the latest estimates provided by the Office of Property Management (OPM), the District's contract security costs will increase by \$700,000 over the estimates provided during the FY 2002 baseline budget formulation.

Funding Summary

The proposed local budget totals \$5,799,000, an increase of \$5,799,000 over FY 2001. The entire amount is reflected in nonpersonal services. This budget is supported entirely by local funds. Refer to the FY 2002 Operating Appendices (bound separately) for details. In summary, the proposed budget provides:

- \$1,940,500 for step increases for small agencies to be allocated on an as-needed basis;
- \$3,158,500 for increased employer share of health insurance premiums; and
- \$700,000 for contract security costs.